

Message Text

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ACTION EB-07

INFO OCT-01 NEA-06 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01 PRS-01

USIA-06 /084 W

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R 271530Z DEC 74

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 3221

INFO AMEMBASSY RABAT

LIMITED OFFICIAL USE CASABLANCA 1118

E.O. 11652: N/A

TAGS: EINV, ENRG, EIND, MO

SUBJECT: MOROCCANIZATION OF OIL MARKETING

REF: CASABLANCA 1090

1. MOBIL AND SNPP HAVE SIGNED FINAL AGREEMENT ALONG LINES PREVIOUSLY REPORTED. MOBIL RECEIVED BOOK VALUE (20.5 MILLION DIRHAM) AND IN TURN PAID SNPP 3/8 (50 PERCENT FROM APRIL, 1974) OF 1974 DIVIDEND. MOBIL REINVESTING ALL PROCEEDS IN MOROCCO (PARTIALLY IN MOBIL-MAROC, PARTIALLY IN NEW INVESTMENTS NOT YET DECIDED) SO NO REPATRIATION ISSUE. MOBIL RETAINS DIRECTOR GENERAL POST IN PERSON OF MOROCCAN NATIONAL ALAOUI, SNPP NAMES PRESIDENT OF COUNCIL. SNPP PRESIDENT HAS PREPONDERANT VOTE EXCEPT ON SPECIFIED KEY ISSUES, E.G. BUDGET, NEW INVESTMENT ETC. PRECISE DIVISION OF RESPONSIBILITY BETWEEN PRESIDENT AND DIRGEN NOT YET WORKED OUT.

2. TEXACO WAITING ONLY FOR SNPP CALL FOR FORMAL SIGNING
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ON BASIS PREVIOUSLY REPORTED. BOOK VALUE, WITH PROCEEDS

REINVESTED. SINCE TEXACO NOT PROFITABLE NO REPATRIATION OR DIVIDEND ISSUE. TEXACO TO INSTALL MOROCCAN AS DIRGEN WITHIN 2-3 YEARS, PRESIDENT VS. DIRGEN ISSUE SETTLED ON MUCH SAME BASIS AS MOBIL BUT WITH NO WRITTEN ASSURANCE OF PERMANENT TEXACO CONTROL OF DIRGEN JOB (TEXACO TO NOMINATE, SUBJECT TO SNPP VETO OR APPROVAL).

3. ESSO AND SNPP AT DEADLOCK, FOUR DAYS REMAINING BEFORE DEADLINE SPECIFIED IN DAHIR. AT SNPP REQUEST, ESSO SUBMITTED "LAST OFFER" IN WRITING; IN SUBSEQUENT MEETING NEITHER SIDE MADE FURTHER CONCESSION. ESSO AFRICA MANAGEMENT LONDON EXPECTED RECONFIRM POSITION FORMALLY TODAY, AND SNPP SAYS IT HAS DISCHARGED ITS NEGOTIATING ROLE, CAN ONLY PASS FINAL ESSO POSITION TO MINCOMMERCE FOR FURTHER DISPOSITION. TWO SIDES DIVIDED ON 1974 DIVIDEND (ESSO WILL YIELD 50 PERCENT DEMANDED, BUT WILL ADD AMOUNT TO BOOK VALUE FIGURE); MANAGMENT (ESSO DEMANDS, SNPP REFUSES ESSO POWER TO APPOINT DIRGEN WITHOUT SNPP VETO RIGHT); REPATRIATION OF PROCEEDS (ESSO WILL ACCEPT UP TO SEVEN YEARS BLOCKAGE OF FUNDS, BUT DEMANDS INTEREST AT NY PRIME RATE DURING PERIOD OF BLOCKAGE). NEITHER WE NOR ESSO CAN HAZARD ANY GUESS AS TO NEXT STEPS.

4. ALL COMPANIES HAVE NOW REACHED SETTLEMENT WITH SNPP EXCEPT ESSO AND AGIP. SO FAR AS WE CAN LEARN, MOBIL AGREEMENT IS CLOSE TO INDUSTRY-WIDE TERMS, WITH SLIGHT VARIATIONS. WHILE COMPANIES NOT OVERJOYED WITH TERMS ACHIEVED, THEY SEEM GENERALLY RELIEVED THAT SETTLEMENT AT LEAST REACHED. ALL AGREE ATMOSPHERE AND ATTITUDE ON SNPP SIDE VASTLY IMPROYTHURING PAST SEVERAL WEEKS, EVEN IF SUBSTANTIVE POSITIONS NOT MUCH CHANGED.
BRUBECK

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